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ABSTRACT

This study was designed to discover whether a university or a group of universities in the Southwest should establish a teaching and research center concerned with governmental management. The study focused on: (1) means for solving problems of federal officials at the regional level; (2) possible and feasible activities of Southern Methodist University; and (3) possible establishment of a teaching and research center located in the Dallas area. The study examines the need for the center and the difficulties of establishing one, and discusses the 3 basic requirements for the center's success. They are: (1) existence of an important and unique rationale; (2) strong support and substantial funds from the region's leaders; and (3) an effective organizational design. It describes the resources available at SMU and relevant resources available in the Southwest region, and concludes that a center at SMU is not practical at this time, but that the University could take steps which would facilitate governmental management. The possibility of establishing a center elsewhere in the Dallas area was not excluded. (AF)

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FEASIBILITY STUDY FOR A CENTER FOR THE ANALYSIS OF MANAGEMENT IN GOVERNMENT

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1. SUMMARY

This study was designed to discover whether a university or a group of universities in the Southwest should establish a teaching and research center concerned with governmental management. Because the impetus for the study came from faculty at Southern Methodist University and from executives in the Dallas regional offices of the federal government, the study focused on (a) means for solving problems of federal executives at the regional level, (b) possible and feasible activities by Southern Methodist University, and (c) a teaching and research center located in the Dallas area.

The study's basic finding is that a center located at Southern Methodist University is not practical at this time. However, Southern Methodist could take steps which would facilitate governmental management, and it is possible that a center could be established elsewhere in the Dallas area. The latter mainly requires adequate leadership, motivation, financial resources, and people resources.

2. METHODS

Since a basic purpose of the study was to gather information about needs which the center might fill and about alternative organizational forms and strategies, many interviews were conducted with governmental executives and with staff in existing centers and institutes. Persons interviewed by William Starbuck were as follows:

DALLAS AREA

A. Department of Health, Education and Welfare
- Carroll Galbraith
- Charles Greene, Regional Director
- Harold Haswell
- Dan Reed

B. Southern Methodist University
- Eugene Byrne, Associate Dean of Business Administration
- Narayan Bhat, Professor of Computer Science
- John Dutton, Professor of Business Administration
- Jack Grayson, Dean of Business Administration
- Neill McFarland, Provost
- Tom Martin, Dean of Engineering
- Betty Maynard, Professor of Sociology
- Richard Nance, Professor of Computer Science
- William Pierskalla, Professor of Computer Science
- Bruce Pringle, Professor of Sociology
- Sydney Reagan, Director of the Institute of Urban Studies
- Charles Vail, Associate Dean of Engineering
- Clyde Wingfield, Professor of Political Science

C. University of Texas at Dallas
- Ralph Stohl, Vice-President

WASHINGTON AREA

A. Brookings Institution
- Herbert Kaufman

B. Civil Service Commission
- Thomas Cablk
- Chester Wright

C. Committee for Economic Development
- Robert Steadman

D. Department of Commerce
- Roger Prior

E. Department of Health, Education, and Welfare
- James Abert
- John Donohue
- George Lowe

Fred Malek
Paul Messier
Steve Smith
Ward Stewart
Warren Troutman

F. Office of Management and the Budget
William Arntz
Thomas Graves
Roy Niemela
Brian Usilaner

G. Urban Institute
Charles Holt
Joseph Lewis

OTHER LOCATIONS

A. Cornell University, Graduate School of Business and Public Administration
Lyle Carter
Justin Davidson
Gail MacColl
Richard Rettig
Paul Van Riper
Robert Tolleson

B. Harvard University, Kennedy School
Joseph Bower

C. Rand Corporation
Paul Hammond
Frank Hoeber

D. State University of New York at Buffalo
Warren Bennis

E. System Development Corporation
Launor Carter

F. University of California, Office of Analytical Studies
Stephen Hoenack
John Keller

G. University of California at Berkeley, School of Public Affairs
Arnold Meltsner
Aaron Wildavsky

H. University of California at Los Angeles
Gerald Shure

I. University of Michigan, Institute for Public Policy Studies
Peter Bouxsein
Patrick Crecine
Lawrence Mohr
Sidney Winter

J. University of Southern California
Milton Holmen

K. Yale University, Institute of Social Science
Chris Argyris
David Barber
James Fesler
Robert Fetter
John Miller
Elting Morison
Richard Nelson
Guy Orcutt
Donald Taylor
James Tobin
Stanley Udy

In addition, Merrill J. Foote and Donald Cook interviewed the following persons in Texas:

AUSTIN AREA

A. Community Services Office
Wilbur Hurt

B. Multi-Disciplinary Research, Inc.
Cary Hoffman

C. Texas Research League
James McGrew, Executive Director

D. University of Texas
Lynn Anderson, Director of the Institute of Public Affairs
Stanley Arbingast, Professor of Marketing
Leon Cole, Professor of Architecture
Lennis Kighton, Professor of Accounting
Eugene Konecci, Director of the Institute for the Management of Technological and Intellectual Resources
Walter Rowtow, Professor of Economics
Milton Schoeman, Professor of Management
Albert Shapero, Professor of Management

DALLAS AREA

A. Civil Service Commission
William Ethridge
Lou Lyons, Regional Director

LUBBOCK AREA

A. Texas Technological University
William Ford, Professor of Economics

Finally 49 letters were sent to university administrative officials at seventeen universities throughout the Southwest region, asking for information about research activities and people resources concerned with governmental management. Twenty responses were received, eight of which were useful, these latter being listed as follows:

Wilson Bentley, Head, Industrial and Engineering Management, Oklahoma State University

Peter Firmin, Dean, Graduate School of Business, Tulane University

Ferrel Heady, President, University of New Mexico

Emerson Henke, Dean, Henkamar School of Business, Baylor University

Lorrin Kennamer, Dean, College of Arts and Sciences, Texas Technological University

Edwin Triver, Director, Center for Management Studies and Analysis, College of Business Administration, University of Houston

Clyde Wingfield, Director, Graduate Program in Public Administration, Southern Methodist University

The Department of Public Administration and Policy, University of Oklahoma at Norman

3. FINDINGS AND ANALYSIS

A. THE NEED FOR A CENTER

General Background

There are two striking trends evident in U. S. society today. Both of the trends extend back several decades, but more relevantly, they are likely to shape the U. S. society of tomorrow, and they dictate some of the problems that confront us during the immediate future.

1. A competitive market economy is being supplanted by a governmentally controlled economy.

Public disillusionment with uncontrolled private enterprise became a major issue around the beginning of the twentieth century, and produced at that time the first anti-trust policies and regulatory agencies. The social ideal was a purely competitive economy in which each firm was so small that it had no significant control over the economy at large, except in a few industries--such as railroads and communications--where governmentally regulated monopolies were established. However, this social ideal proved to be impractical as firms continued to expand, to merge, and to create oligopolistic industries that were neither monopolistic nor purely competitive. Numerous U. S. industries are today dominated by a small number of large firms which have, individually, rather noticeable effects on the economy as a whole.

Increasing government regulation and control of business is an inevitable consequence of the increasing sizes of individual firms, and because big firms operate on a national scale, government regulation has tended to be a federal activity. Moreover, the great depressions of the 1930s stimulated the adoption of federal social welfare policies and federal policies toward employment and economic growth. World War II, the "Cold" War, and the Korean War brought governmental protection of industries from foreign competition and governmental stockpiling of raw materials--both of which implied federal government control over specific industries. The net result has been a tremendous expansion in the size and social importance of the federal government.

The trend obviously continues. Firms grow larger, but behave as if they were independent of their environments. The public becomes concerned over consequences like unsafe automobile designs, air pollution, and electric power failures. New government controls are enacted, and in some cases such as automobile design, the SST financing, and the passenger railroads, the federal government undertakes activities which had been the domain of private enterprise. Additional industries seek governmental protection from foreign competitors, and give up some of their autonomy. Social welfare programs are extended to meet needs which private enterprise failed to satisfy.

2. State and local governments are being supplanted by the federal government.

This trend too began before the start of the twentieth century. With a few exceptions, the state and local governments failed to cope with the problems created by the industrial revolution (the rise of monopolies and the labor movement), and then they failed to cope with the problems created by the great depressions (employment and social welfare). Nearly all tax collection was left to the federal government, and of course, World War II drastically increased the federal revenues and created precedents for federal controls. More recently, the state and local governments have failed to respond to the civil rights movement, to the migrations into urban areas, to the decay of central cities, to the demand for broader medical care, and to the exploding population.

It can be argued that state and local governments are inherently more resistant to change than the federal government is, because being close to one's constituents makes difficult decisions more difficult, and because property taxes are paid by a comparatively conservative segment of the population. But equally important, most of the problems cited above have involved resource and migration issues that are beyond the unilateral control of individual states and cities. Industrial firms can move their plants and doctors their practices; residents of rural areas often change states when they move to cities. The legal boundaries of states and cities are determined by tradition rather than by the homogeneity of the problems to be solved.

There has also been a rather fundamental shift in the U. S. citizen's concept of his citizenship. Before the industrial revolution, people tended to think of themselves as citizens of a state. But industrialization brought into the country large numbers of new migrants who had no traditional ties to particular states, and the depressions and wars forced or induced large portions of the population to migrate to new sections of the country, severing their identifications with the states in which they lived. Of course, migration has now become a national pattern. People now tend to think of themselves as citizens of the United States first, as citizens of a city or region second, and as citizens of a state last. And this shift destroyed the population's tolerance for variations in social policies and conditions among states. The general expectation is that different states will be similar, and that basic policies will be established on a national scale.

The shift of responsibility from state governments to the federal government and the shift from a competitive, private enterprise economy to a governmentally controlled economy have both proceeded, so far, by increasing centralization of the federal government in Washington. However, the increasing population is making the nation's problems more complex. No longer can one government agency behave independently of the others; more and more problems demand coordination among dozens of supposedly autonomous agencies. The consequences of policies are increasingly difficult to forecast, and small miscalculations are beginning to have massive consequences of long duration.

The very recent change in the Bureau of the Budget is part of the federal government's effort to cope with these issues. The new Office of Management and the Budget will attempt (a) to make resource allocations more rational on the basis of benefits as well as costs, (b) to coordinate the activities of separate departments and bureaus, and (c) to extend performance accountability throughout the governmental organization. The simple fact is that the federal government has gotten so large that it is controlled more strongly by rules than by intentions, and most decisions are beyond the control of the President and other high-level executives. The Office of Management will try to increase the organization's responsiveness by disseminating the criteria for decisions to lower-level executives and by focusing high-level attention on inconsistent policies.

It is inevitable that the next thirty years will bring further major reorganizations of the federal government, and of the relations between the federal government and the state and local governments. No one can predict what these reorganizations are likely to be, because no one has tried to put together and control such an enormous organization before. But the pervasiveness and importance of government in the U.S. imply that nothing less than a revolution in the style of the American life will occur. It is not inevitable that this revolution will be based upon careful and systematic consideration of our national values and goals.

Governmental reorganizations are proposed and installed by governmental executives and are intended to simplify governmental management: what is good for the government is not always what is good for the country. Given the stresses governmental executives face, their natural inclination is to make the government and the society more controllable. They also recommend changes which are incremental modifications of existing policies and structures--changes in one part of the structure which assume that the remainder of the structure will remain fixed, and which thereby reinforce the unchanged portions. Basic questions about government's long-run future and role in society tend not to be asked, or the answers are postponed when the questions are asked. For example, a large, integrated federal government concentrated in Washington could easily become too rigidly bureaucratic and too liable to its own ignorance to cope with the nation's changing problems. Should not the federal government be decentralized? and if so, what modes of decentralization will be most effective? Also, the integration of government and business could destroy the U.S. citizen's achievement orientation and freedom toward social mobility. How can national problems be solved at minimum cost to individual freedom? and what is the most effective division of labor between government and private enterprise?

The colleges and universities should be debating these issues and should be conducting research which will make wise solutions possible, because the perpetuation of past behaviors and trends could produce inadvertent solutions with unanticipated and undesirable characteristics. The colleges and universities should also be producing business and government executives who are more conscious of the long-run, social consequences of their behaviors than past executives have been. Certainly a business executive who pursues short-run personal gains at the expense of long-

run social costs, or a state official who delays action on social problems, should be aware of their power and freedom will ultimately be reduced by the public reactions to their behavior. Unfortunately nearly all schools of business administration now teach in a way which implies that governmental policy is constant over time and independent of businessmen's behavior, and nearly all schools of public administration teach in a way which implies that centralized, governmental policies are the natural and obvious solutions to social problems.

A Center in the Southwest

The importance of the preceding issues and higher education's role in resolving them were one reason for initiating this study. But the study has shown that it is far f om obvious that a school or schools in the Southwest region should establish a center devoted to governmental policy and management. There would be a great deal of competition, it would be difficult to obtain acceptance of the center's products; and basic experimentation in governmental policy would meet resistance at the federal level.

1. Competition. Starting centers and schools of governmental policy is one of the most popular activities of recent years. Among the major universities which have started new centers or expanded old ones are:

Carnegie-Mellon University
Harvard University
State University of New York at Buffalo
Syracuse University
University of California at Berkeley
University of California at Los Angeles
University of Michigan
University of Pennsylvania
University of Southern California
University of Texas at Austin
University of Wisconsin
Yale University.

In addition, a substantial number of profit and nonprofit firms offer educational services or (more commonly) bid on research contracts. There are too many of these to list exhaustively, but a few examples will indicate the range of competitors:

General management consultants --

Arthur Young
Booz, Allen, Hamilton
A. D. Little, Inc.

Social policy consultants --

Alan Voorhees and Associates
Brookings Institution
CONSAD Corporation
Urban Institute

Governmental systems consultants --

Community Systems Foundation
System Dynamics Corporation
Systems and Analysis Corporation
Systems Development Corporation

Non-university research institutes --

American Institute for Research
Battelle Memorial Institute
Cornell Aeronautical Laboratory
Midwest Research Institute
National Bureau for Economic Research
RAND Corporation
Stanford Research Institute

University research institutes --

Bureau of Applied Social Research (Columbia University)
Institute for Social Research (University of Michigan)
Lincoln Laboratories (M.I.T.)
National Opinion Research Center (University of Chicato)

Large industrial firms --

International Business Machines
Litton Industries
Philco Corporation
TRW, Inc.

Finally, the Civil Service Commission offers an extensive educational program for government executives. They operate: the Federal Executive Institute at Charlottesville, Virginia; Executive Seminar Centers at Berkeley, Kings Point, and Oak Ridge (being planned); regional training centers in all ten federal regions; and an educational center in their Washington headquarters.

The net result of all this competition is that high quality, academic faculty are in short supply and expensive to hire, research grants and contracts are distributed among many, highly competent bidders, and there is a relative shortage of good students.

As originally passed, the Higher Education Act included a program of education for public service (Title 9), but the program has never been funded and there is no expectation that it will be. In the absence of Title 9, the two most obvious sources of federal grants were Title 1 of the Higher Education Act, which covered grants for community service, and the programs in economic development sponsored by the Economic Development Administration. Both were closed during the last year: Title 1 was closed for fiscal 1971 and the Economic Development Administration is expected to be dissolved as of July 1971. Contracts are being let for specific, short-run projects, but there are ordinarily a large number of

experienced bidders for each contract, and new organizations are not likely to obtain contracts until they have well established their credentials. The federal executives interviewed during this study indicated that they felt no shortage of competent bidders and that they are skeptical of the Southwest's intellectual resources for producing competent bidders.

The newly launched and expanded schools of public policy find that there are relatively few potential faculty who are creative, analytically sophisticated, and experienced in governmental problems. Most of the academicians who have had an interest in governmental management were trained in and work in schools of public administration, and for reasons that are not obvious, the schools of public administration have tended to be atheoretic and devoid of analytic expertise. Certainly, the federal government personnel who were interviewed during this study made it clear that professors and students of public administration are perceived as being primarily interested in methods of carrying out policies that others establish, and are perceived as being poorly trained for policy formulation and analysis. A consequence is that most of the new schools have tried to differentiate themselves from the existing schools of public administration; they have avoided hiring faculty from the schools of public administration; and they find themselves bidding against one another for the small pool of appropriate faculty who are not associated with public administration. The best potential faculty are often found in non-academic settings which pay higher salaries than universities characteristically do.

2. Product Acceptance. The new schools of public policy have also encountered a shortage of highly qualified students who are prepared to finance their own educations. One reason for the shortage is that many college graduates are under the impression that government jobs pay low salaries, offer little responsibility to young men, and constrain careers to rigid patterns. None of these beliefs is justified by the current situation in the federal government or in some state and city governments, but students have to be told what the facts are through an overt information program. Moreover, in contrast to students of business administration who normally finance their own graduate educations, students of public policy generally expect their graduate educations to be financed by scholarships, fellowships, and research assistantships. This is partly because the students do not regard the costs of education as an investment which can be recovered through high salaries later on, and partly because the students compare themselves to doctoral students in the social sciences and expect similar financial aid.

The students who attend the present programs tend to fall into two categories. The majority of students have had undergraduate training in anthropology, political science, or sociology: they display strong concerns about the human consequences of government and want personally to improve human welfare; they are sensitive to pragmatic political issues; and they lack strong backgrounds in economics and mathematics and the motivation to acquire them. The minority of students have had undergraduate training in business administration, economics, engineering, or the physical sciences: they know some economics and mathematics; they are primarily interested in the theoretical and technical structure of governmental decision-making; and they are often impatient with discussions of political and organizational feasibility.

Most of the existing schools are trying to deal with both types of students by putting them together in one set of basic courses, on the premise that each type of student has something to contribute to the other. But this creates faculty-student stress and makes it difficult to design courses which will elicit interest and participation from all the students. Michigan has chosen to avoid students with weak backgrounds in economics and mathematics, in order that the Michigan curriculum can reach a high technical level. Harvard has planned its curriculum primarily for the students with weak backgrounds in economics and mathematics, but has included substantial amounts of these subjects in the course plan. Berkeley intends to emphasize discussions of organizational and political pragmatics, and to avoid training analytical specialists.

Acceptance of research products appears to be primarily determined by their cost, their immediate usefulness, and the researchers' ability to choose projects wisely. Most of the governmental executives interviewed during this study were unable to forecast their research needs beyond the questions immediately confronting them. They could talk about the issues which had to be resolved this year, but saw no patterns that were likely to dictate the issues they would face over the next five years. The faculty we interviewed stated that they had had similar experiences when trying to obtain guidance from governmental executives. Since a research staff cannot be redesigned every year, and has to have some long-run foci, the center itself must forecast what problems are worth exploring. If the forecast is accurate, answers will be ready when the governmental executives realize they are needed. If the forecast is inaccurate, the research staff will be perceived as having esoteric, non-pragmatic interests.

This obviously puts a premium on developing several research foci simultaneously. Some predictions of future needs are goind to be wrong, but diversification across a portfolio of research investments will increase the probability that some predictions will be correct. There is also an advantage in having persistent, close contact between the research organization and the governmental units it serves. If representatives of the research group attend conferences and observe problem-solving as it actually occurs--rather than through the filter of an executive's perceptions--they may see ways the research organization can help solve today's problems and also pick up clues about tomorrow's problems. The chances are that future problems throw long shadows which can be seen by an outsider who has no decision responsibility, whereas governmental executives are prevented from seeing these shadows by the pressure of their immediate responsibilities.

The research organization also has to be prepared to devote some of its resources to solving problems that have no obvious long-run significance, but which plague a governmental executive today. This is one way to establish rapport, but more importantly, it is a way to pay for future help and assistance. The research group will inevitably find itself asking for information, access, and trust, and the group will have to pay for these in advance or it will not receive them. One implication is that

contacts should be maintained with both career civil servants and short-term political appointees.

Especially at the beginning, most of the research products will have to be donated rather than sold. One reason is that few governmental units have budget allocations which are intended to support reaearch, and the funds which go to research must be drawn from discretionary accounts. The latter are in short supply, and governmental executives are reluctant to use them until the effectiveness of the use has been demonstrated. Another reason is that the main experience with outside consultants by many governmental units has been with profit-oriented consulting firms who take on routine projects and deliver canned reports at high prices. Especially among state and local governments, outside consultants are reputed to offer low benefit-to-cost ratios. Within the federal government, the universities have the reputation of using contract funds to support graduate students at unreasonably high hourly wages, and hence university-based consultants are perceived as offering lower benefit-to-cost ratios than do the professional research and consulting firms. It would obviously be to the advantage of a new research group to differentiate itself from most professional consultants and most university institutes, and to acquire the reputation of delivering full value for the monies asked.

3. Experimentation. Two possible emphases of a new center make little sense: First, to focus the center on state and local governments to the exclusion of the federal government--the roles and importance of state and local governments are unstable and decreasing. Second, to focus the center on national governmental policy to the exclusion of regional issues--Washington is the logical location for a group whose clients are in Washington.

What would make sense is a center focused on those units of the federal government which are located in the Southwest region, and on the interface between the federal, state, and local governments at the regional level. Of course, Dallas is the logical location for a regionally-oriented center, because Dallas is the site of the regional units of the federal government.

However, if regional coordination and policy are to be meaningful concepts, and if a teaching and research center is to contribute significantly to governmental effectiveness at the regional level, there must be: (a) some regional differentiation of federal policy, (b) freedom to experiment and innovate at the regional level, and (c) interstate coordination of state and local governments in the Southwest region. Unfortunately, there is very little evidence that regional units of the federal government will have sufficient autonomy to develop differentiated policies or to experiment and innovate with policies or organizational structures. The basic lines of authority in the federal government extend from program heads in Washington to program heads in Dallas; coordination among programs is concentrated in Washington; and the fundamental philosophy is that policies should be uniform across all regions. While the installation of PPBS and the reorganization of the Bureau of the Budget will facilitate decentralization in the sense that more decisions can be made

at a regional level, the intention is to make possible regional decisions which will be identical with the decisions that would be made in Washington, and decision-makers in different regions should make similar decisions in similar circumstances. Moreover, federal executives in Washington have objected to the idea that one region should be a laboratory for investigating innovations that might eventually be applied nationwide.

Thus a regional center would have to gamble that its products could be used, in a circumstance where federal policies are generally not consistent with regional innovation. The gamble might be worth taking--especially if effective interstate coordination can be established by nonfederal governments--because sufficiently good ideas might be accepted in spite of the norms, and the acceptance of some ideas might induce receptivity to additional ones. But the riskiness of the gamble should be acknowledged in advance.

Summary

Favoring the establishment of a center is the importance of facilitating effective government and the need to explore basic issues that are unlikely to be examined within governmental units. However, the center would face strenuous competition; it would have to underwrite the cost of its own development and acceptance; its costs would be high in comparison with, say, a school of business administration; and the feasibility of regional policy experimentation is uncertain. Funds are not evidently available from the federal government; states other than Texas would be unlikely to support a center located in Texas; and Texas is developing the Johnson School at Austin.

This does not necessarily mean that a center should not be set up. But it does mean that making a center succeed would be difficult, and the project should not be launched unless some preliminary conditions can be satisfied. These conditions are discussed in the next section.

B. NECESSARY CONDITIONS

The three basic requirements for a center's success are: an important and unique rationale, strong support and substantial funds from the region's leaders, and an effective organizational design.

Rationale

Especially when entering a highly competitive market, one has to have a differentiated product which will attract the attention and loyalty of a major segment of the market, and which will minimize the amount of resources that have to be divided with competing organizations. This is even more important when one's products are knowledge and expertise, because the organization's basic investments are in a production system--people and the way they are organized--and one has to know what people to hire and how to mesh them together so that the whole production system has capabilities beyond those of its separate components.

As the preceding section implied, the most promising rationale for a new center in the Southwest region would be study of the organizational structure of society and government. Which activities ought to be the responsibility of government and which ones the responsibility of private enterprise? What kinds of governmental policies will maximize the contributions of private enterprise to society as a whole? make the pursuit of individual achievement consistent with society's needs? and preserve or create a maximum amount of individual freedom? How can business executives formulate policies that will not ultimately feedback into governmental restrictions on business behavior? How should the federal, state, and local governments be organized to work effectively together? and who should be responsible for what? What is wrong with the present structures of state and local governments that prevents them from taking the initiative against broad social problems? How can the federal government be organized so that it will be flexible and sensitive to changes in social needs? Which social policies should be established uniformly across the nation and which ones should vary across regions and localities?

Since general, organizational solutions depend upon the existence of effective operating procedures, the center should devote substantial resources to pragmatic problems of governmental management. But the specific operating problems worked on should be selected on the basis of their relevance to the center's long-run, overall mission, or else there will be no long-run learning and the center's effects will be too diffuse to be significant.

What distinguishes the above mission from the missions of existing schools and research institutes is (a) the emphasis on interdependence between private and public management, (b) the emphasis on interdependence between federal, state, and local governments, and (c) the emphasis on intergovernmental cooperation across a multi-state region. Existing organizations that work on governmental policy tend to treat private enterprise as an extraneous, independent sector of society which must be controlled and regulated if it is to serve the public welfare. This overlooks the possibility of stimulating fundamental changes in the philosophy and motivations of business management so that businessmen will recognize the advantages of taking the initiative against social problems, and so that government and business can work as partners. Existing schools and research organizations also emphasize either local government, state government (rarely), or federal government (frequently); they treat the interactions between levels of government as being fixed and constant; they develop solutions that exploit one level of government to the advantage of another; and they overlook the possibility that all three levels of government can develop cooperatively. One of the implicit assumptions that gets made is that effective interstate cooperation and coordination cannot exist except through federal government control and mediation, and the result is that very little effort is devoted to persuading state governments that interstate cooperation will help them increase their autonomy and effectiveness in the long run.

The center's basic product ought to be research and development: the production of solutions to governmental problems, the creation of inter-

governmental cooperation, the facilitation of cooperation between business and government, and even the solution of business problems in cases involving business-government relations. At least at the outset, the center ought not offer academic curricula or try to attract students. This could be a long-run goal, but undertaking a teaching responsibility would greatly increase the center's operating costs, and would require competition in two markets simultaneously. Competition with other research centers would be a sufficient initial challenge in itself.

All considered, the most plausible legal form would be that of an independent, nonprofit corporation which is close to, but not part of, a university. Nonprofit organizations generally have less difficulty obtaining government grants and contracts than do profit-making ones. Putting the center within a university would subject it to constraints and traditions that have no functional advantages and that might prove to be liabilities (e.g. tenure and nonconfidentiality.). Moreover, none of the major universities in the Dallas area have substantial experience in serving research clients, and in the absence of such experience, the center might find a university superstructure stressful. On the other hand, the center could make advantageous part-time use of university faculty and students in the social sciences, business administration, and operations research, and taking on a teaching function might become feasible after the center's research reputation has been established. The center could also make expertise and resources available to a university, and provide faculty and students with opportunities to involve themselves with real governmental problems. So the center should locate close to a campus and should develop close ties to its university neighbors.

Support and Funding

Given the preceding rationale, the center would need sponsorship and guidance from a coalition of business and government executives who could (a) identify the most effective uses for the center's resources, (b) provide entré for the center's staff and ideas to people who can facilitate them, and (c) lead intergovernmental and business-governmental cooperation projects. A nominal board of directors who see their roles as primarily honorary would be futile, because the center's purpose would be to bring about significant social change, and involvement and participation are essential ingredients of change efforts. Put another way, the center's success as a change agent depends upon achieving close integration with its clients, and the place to start that integration is the center's board of directors. Moreover, if the center does create change, it will become a focus for public discussion, and misunderstandings could be minimized by a group of sponsors who thoroughly understand and endorse the center's purposes.

The center would also need a very large commitment of long-run funds. One can divide the center's activities into projects--groups of people who share a common area of expertise and theme of work. Some of the people in each project should be field agents who are primarily concerned about the clients' needs and about ways of actually installing proposed solutions; some people should be applied scientists who translate abstract

concepts into solutions to real problems; and at least one person should be a theoretical scientist who tries to generalize across the various specific problems that the project group encounters, so that future problems can be solved more expeditiously than past ones. This means the minimum size of one project group is five professional staff. Allowing for paraprofessional, clerical, and secretarial staff to complement the professionals, a realistic estimate of direct costs would be $50,000 per year per professional, and indirect costs would add about $25,000 per year per professional.

As has already been pointed out above, the center would have to develop a portfolio of projects, and the portfolio should be large enough that the center's leaders feel free to take some risks. Other successful research institutes operate with ten or more project areas. However, the proposed center is intended to produce major changes, and this implies that projects should be chosen on the basis of their potential impacts rather than on the basis of potential revenues. Unless governmental budgeting changes drastically in the next few years, the center will have to take on a substantial number of problems which do not fully pay for themselves--if you like, the center will have to subsidize some of the changes it creates. Considering the center's probable deficits, ten project areas are too many, and six projexts seems a more plausible number.

Table 1 forecasts the staffing, cost, and revenue estimates for a twelve-year period. The figures assume that skilled, research-oriented faculty (in the social sciences, business, and operations research) are employed by a nearby university; to the extent that this is not true, the center would also have to subsidize the acquisition of such people.

Organization

The basic characteristics of the organizational design were foreshadowed in the preceding discussion: an active and involved board of directors, division of the professional staff into project groups, and a staff which includes theoretical scientists, applied scientists, and field agents.

The most striking finding from our interviews was that research institutes and consultants have poor relationships with their clients, and have them largely because few explicit efforts are made to avoid them. Poor client relations were most common in centers sponsored by universities, but they also characterized some independent research organizations and consulting firms.

One consultant argued that animosity between consultant and client is unavoidable: When the consultant does not use special expertise, the client feels that he could have done a better job himself at lower cost; and when the consultant does use special expertise, the client depreciates the need for skills which he himself lacks. Further, when the consultant recommends no drastic changes in organizational procedures, the client is disappointed; and when the consultant does recommend drastic changes, the client interprets this as criticism of his past management. Our inter-

Table 1. Projected staffing, costs, and revenues

Year	Number of professional staff	In millions of dollars			
		Direct cost	Total cost	Revenue	Deficit
1	7	.4	.5	0	.5
2	15	.8	1.1	0	1.1
3	20	1.0	1.5	.2	1.3
4	25	1.3	1.9	.4	1.5
5	30	1.5	2.3	.6	1.7
6	30	1.5	2.3	.8	1.5
7	30	1.5	2.3	.9	1.4
8	30	1.5	2.3	1.0	1.3
9	30	1.5	2.3	1.1	1.2
10	30	1.5	2.3	1.2	1.1
11	30	1.5	2.3	1.3	1.0
12	30	1.5	2.3	1.4	.9

As a lump-sum initial investment earning six percent interest, about $15,000,000 would be needed to underwrite the deficits.

viewee, who was a ranking executive in one of the country's largest consulting firms, ended by saying that he had never encountered a client who stated that he had gotten his money's worth, even though the consulting firm often spent more money on a project than it collected from the client.

Such consultant-client stresses do exist, and the center will have to face them. But it is far from obvious that the center must have such poor client relationships as appear to be normal.

Our prototype for the center's organization is the structure used by the more effective agricultural extension services. Agricultural extension is the most impressive experiment in social change the United States has ever conducted. The schools of agriculture have been so successful, in fact, that they are putting themselves out of business. The key to this success was the extension agent who became a permanent resident of a farm community, identified personally with the farmers he served, and built up a reservoir of trust and confidence among his clients. Each agent spent his whole working life--say, forty years--with one group of farmers, and he became more concerned about the welfare of the farmers than about the success of the school of agriculture. Before the agent would recommend that a farmer try a new technique, the agent had to be convinced the technique would succeed with that specific farmer; and the farmers reciprocated this trust by being willing to try the recommended innovations. The stresses between consultant and client occurred, not on the farms, but within the school of agriculture, when the agents assembled at the school and demanded solutions to the problems they faced and demanded proof that proposed solutions would be effective. In short, an extension agent acted more as a delegate from the farmers to the research group, than as a delegate from the research group to the farmers.

The schools of agriculture also made explicit separations between abstract and applied research. Some research staff were responsible for solving real problems, using whatever techniques would be most effective and disregarding the long-run scientific progress which might be realized from specific solutions. They spent a good bit of time in the field augmenting the extension agents' expertise. The result was that problems got solved. Other research staff were responsible for figuring out why some solutions worked and others did not, for discovering general principles, and for anticipating future scientific needs. They saw real problems only through the eyes of their applied colleagues, and they were protected from the pressures and distractions of day-to-day issues. The result was that knowledge became cumulative, and many problems got worked on before the applied scientists realized that the problems even existed.

The proposed center should duplicate this structure, recognizing that conflict over clients' interests should occur inside the center's organization and not in the clients' offices. Although the budget projection assumed that the field agents would be associated with project groups, this was only a nominal assumption to establish a ratio between the number of field agents and the number of research scientists. In practice, each field agent should be a semipermanent associate of a group of clients, and the field agents should form a partially autonomous division of the center's organization.

Our interviews did turn up a few research and consulting groups that reported having good relationships with their clients. Not surprisingly, these people attributed their success to the personal identification they felt toward their clients.

C. SOUTHERN METHODIST UNIVERSITY

SMU was one of the sponsors of this study, and there was an initial expectation that SMU would be the site of the center. There are five reasons this expectation has not been fulfilled.

1. Some members of SMU's central administration are reluctant to enter into client relationships in which the clients' needs dictate the research which is done. A strong client-orientation is deemed essential to the center's success.

2. SMU has limited organizational experience in managing a client-oriented service. The center would inevitably have to make hair-line decisions about which projects and problems to tackle, and organizations experienced in such issues have developed elaborate, carefully reasoned guidelines for resolving them. In the absence of such guidelines, decisions might be made inconsistently, and disagreements could frequently occur within SMU's administration.

3. SMU is an organization which avoids policy control by persons from outside the university community. An active and involved board of directors is an important component of the center's organization.

4. SMU recently launched a major fund drive, and it appears likely that the center would be perceived as reducing the funds available for already planned uses.

5. At the present time, SMU does not have adequate space to house the center. But a new building is planned for the School of Business Administration in 1973, and that building might be expanded to include facilities for the center.

However, the center could be located near SMU's campus, and could be developed in cooperation with SMU's administration. SMU has research faculty in economics and operations research, and it is hiring research-oriented faculty in business administration. But the center might find it desirable to augment the resources of the above departments, and the center should augment the resources of the departments of political science and sociology.

SMU could also undertake on its own, the development of a masters degree program in public policy analysis. The existing programs at other institutions have very strong biases toward economic theory, political science, and less frequently, business administration. As has already been reported, federal government executives prefer graduates in business administration to graduates in public administration. And none of the schools this study examined is putting very much emphasis on sociology, although sociological knowledge would be especially relevant in urban

settings and in the administration of health, education, and welfare programs. By emphasizing sociology and business administration, but still including respectable amounts of economics and political science, SMU could create a distinctive policy analysis curriculum that should elicit favorable market response. However, the experience of other schools suggest that SMU's curriculum would need funds for scholarships and fellowships and funds to underwrite an advertising and information program.

D. SOME RELEVANT HUMAN RESOURCES IN THE SOUTHWEST REGION

As indicated previously, the availability of human resources in the Southwest is important to the center. Below are listed 56 people whose work and interests would be relevant to the center's work. The names were obtained through the mailing (Appendix A), by personal contact, and this list is by no means exhaustive in the Southwest and should be considered incomplete, especially in view of the low return (20%) on the letters mailed to University Administrators.

Business Administration

Conrad Doenges, Professor of Finance
School of Business
University of Texas at Austin

John M. Dutton, Director of Research
School of Business Administration
Southern Methodist University

Peter A. Firmin, Dean
Graduate School of Business
Tulane University

Emerson O. Henke, Dean
Hankamer School of Business
Baylor University

James J. Linn, Professor of Business Administration
Tulane University

Benjamin Ostrofsky, Professor of Production and Logistics
University of Houston

Burke Parsons, Professor of Business Administration
Hankamer School of Business
Baylor University

Sydney C. Reagan, Director of Urban Studies Center
Professor of Real Estate
School of Business Administration
Southern Methodist University

Milton E. Schoeman, Professor of Management
University of Texas at Austin

Albert Shapero, Professor of Management
University of Texas at Austin

Edward G. Triner, Director
Center for Management Studies and Analysis
University of Houston

John Willingham, Chairman
Department of Accounting
University of Texas at Arlington

John V. Zuckerman, Professor and Chairman
Department of Management Science
University of Houston

Economics

William Ford, Professor of Economics
Texas Technological University

Paul Heyne, Associate Professor of Economics
Southern Methodist University

Ferdinand Levy, Professor of Economics
Rice University

J. Earle Williams, Professor of Economics and
Director, Center for Human Resources
University of Houston

Richard Young, Professor of Economics
Rice University

Engineering and Operations Research

Wilson J. Bentley, Head
School of Industrial Engineering and Management
Oklahoma State University

Abraham Charnes, Professor of Operations Research
University of Texas at Austin

William Lesso, Associate Professor of Mechanical Engineering
University of Texas at Austin

Richard Nance, Associate Professor of Operations Research
Southern Methodist University

Michael O'Hagen, Director
Bradfield Computing Center
Southern Methodist University

James E. Shamblin, Professor of Industrial Engineering
Oklahoma State University

M. Palmer Terrell, Associate Professor of Industrial Engineering
Oklahoma State University

Public Administration and Government

Lynn Anderson, Director
Institute of Public Affairs
University of Texas at Austin

Frank L. Baird, Department of Government
Texas Technological University

Weldon V. Barton, Department of Government
Texas Technological University

Kenneth Beasley, Dean of the Graduate School
University of Texas at El Paso

John Bebout, Professor of Urban Affairs
University of Texas at Arlington

David Bingham
University of Arizona

Ferrel Heady, President
University of New Mexico

Samuel A. Kirkpatric, Head
Bureau of Government Research
University of Oklahoma, Norman

Clifton McClusky
University of Texas at Austin

Edward Overman, Director
Institute of Urban Studies
University of Texas System
University of Texas at Arlington

Palmer Pilcher, Vice President for Academic Affairs
University of Arkansas

Joseph Ray, President Emeritus
University of Texas at El Paso

Emmette Redford
University of Texas at Austin

Paul Van Roper, Professor of Public Administration
Texas A & M University

Al Rosenthal, Director of Public Administration Program
University of New Mexico

Walter Rostow, Professor of Economics
University of Texas at Austin

Wendell Schaeffer, Chairman Department of Government
Texas Christian University

Clyde J. Wingfield, Director
Graduate School of Public Administration
Southern Methodist University

Sociology

Ivan Belknap, Professor of Sociology
University of Texas at Austin

Alvin Bertrand, Professor of Sociology
University of Texas at Austin

Charles Bonjean, Professor of Sociology
University of Texas at Austin

Warren Breed, Professor of Sociology
Tulane University

Hiram J. Friedsam, Professor of Sociology
North Texas State University

Frederick Koeniz, Professor of Sociology
Tulane University

Alex McKeigney, Professor of Sociology
Southern Methodist University

Betty J. Maynard, Professor of Sociology
Southern Methodist University

Mary E. Sheldon, Professor of Sociology
Rice University

Richard F. Tomasson, Professor of Sociology
University of New Mexico

Other Fields

Leon Cole
Professor of Architecture
Chairman Committee of Community and Regional Planning
University of Texas at Austin

Eugene Konecci, Director
Institute for the Management of Technological and Intellectual
Resources
University of Texas at Austin

James W. McGrew, Executive Director
Texas Research League
Austin, Texas

4. CONCLUSIONS

The conclusions of the study are woven into the sections above, but a brief restatement for emphasis is appropriate here.

1. The need does exist for a center differentiated from others in the ways described in this report. That need exists both at the national level and at the regional level, although the needs are not the same at the two levels.

2. It is not feasible to place the center within S.M.U., contrary to one major hypothesis at the outset of the study. If S.M.U. desires, however, it could undertake a cooperative effort with other universities, business and government in the Dallas area to develop relevant skills and to organize a non-profit center.

3. A non-profit client-oriented center in the Dallas area is the best strategy for fulfilling the regional need. The national need will be most likely met by an activity centered in Washington.

4. The center has potential for high payoff to society and for its participants but there are high risks as well: the center must be able to convince its publics of the need; given the need it must be able to convince them of its competence; it must be highly client oriented, to earn and to maintain the clients' trust and confidence. These risks manifest in the need for the center to make capital investments in some people and some project work which do not pay for themselves, especially in the early stages of the center's development.

5. Teaching activities should not be undertaken until the center has established itself.

Appendix

SOUTHERN METHODIST UNIVERSITY

SCHOOL OF BUSINESS ADMINISTRATION
DALLAS, TEXAS 75222

May 29, 1970

Dear _____:

I am conducting a feasibility study for the establishment of a Center for the Analysis of Management in Government. The center would constitute a research and educational bridge between the resources universities and the field of problems of management within government.

A major aspect of feasibility is the availability of qualified people interested in doing research in this area, who might be interested in some sort of affiliation with such a Center if it were to come into being. For example such persons might be "research affiliates" or receive funding support for research projects relevant to the work of the center.

I should like to ask you for your help in identifying these people resources, especially in the South and Southwest. Specifically, (1) who are the outstanding people in your organization who are engaged in research activities of interest to the proposed Center, (2) what are their specific projects, (3) what funding if any, and (4) please send their vita.

The focus of this request for information is on what people are actually doing, as opposed to what they might be interested in doing if the Center were established. Obviously, a great many research subject matters are relevant to such a center and I will not attempt to structure your response by itemizing what I might happen to think that they are. Your judgment on that matter is part of the contribution I hope to get from you. I am enclosing an abstract of the Study, which summarizes the basic purposes of the Center.

I appreciate your help and I should like to have your response as soon as possible. In any case, I must have your response no later than June 30.

Very truly yours,

Merrill J. Foote
Assistant Professor of
Management Science

MJF:mah

Enclosure

FEASIBILITY STUDY FOR A CENTER FOR THE ANALYSIS OF MANAGEMENT IN GOVERNMENT

Abstract

There are four important social needs the center is aimed to fulfill. Within the university, are the need to integrate major social problems into teaching and research activities and the need to facilitate solution of these problems. Within government, are a pressing need to develop and apply advanced concepts and techniques of management and organization and also a need for potential managers trained in advanced concepts and techniques. The needs for better solutions, greater efficiency and more trained managers increase as the role of government administration increases in our society.

This study will determine the feasibility of fulfilling these needs through the establishment of a center which would bring government administration problems into the university and bring university resources to bear on major governmental problems. The study will identify the staff resources required and available, and problems that the center could profitably study. Alternative forms of organization of the center will be designed and evaluated, and budget requirements will be determined. The output of the study will be determined. The output of the study will be either (feasible) a plan for a major project to design and implement the center or (not feasible) a recommendation of how alternatively to fulfill the two basic needs.